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SIPDIS

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TAGS: [PGOV](#) [PREL](#) [EU](#) [IT](#) [EUN](#)

SUBJECT: EUR A/S JONES DISCUSSIONS WITH PM DIP ADVISOR
CASTELLANETA AND MFA SYG BALDOCCI

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Classified By: A/POL M\$1Qerline the US desire to work closely with the EU on critical issues: MEPP, trafficking in persons, and transatlantic security structures are among the most important. Baldocci was hopeful that early consultations when disagreements arise could avoid rifts in our relations. He pointed to the intense talks in the Quint prior to the Kosovo conflict as an example of how quiet diplomacy can avoid public disagreements.

UNSC Reform

14. (C) Castellaneta said he was concerned about British plans for UNSC reform, which he understood were discussed during PM Blair's trip to Washington. Italy agrees that reform is necessary, but simply adding several new countries to the UNSC (Japan, Germany, Brazil, India) is not the answer. We should proceed cautiously. Baldocci confirmed that UNSC reform is under study in the MFA; the Italian government is studying possible configurations that would preserve the status of the P5 but allow an expanded role for other large countries on a rotating basis. A/S Jones said she would convey Italian concerns in Washington.

Biotechnology

15. (C) A/S Jones pressed for Italian leadership, as EU President, for progress on biotech. The US Congress is focusing on the issue, and is not happy with EU labeling plans. Castellaneta said the EU Parliament vote on traceability and labeling will allow lifting of the moratorium on new biotech product approvals. He called the seizure and destruction of corn crops in Northern Italy this past week "stupid," and acknowledged divisions within the Italian government on this issue. He said that Berlusconi is personally focused on the problem.

Middle East

16. (C) A/S Jones noted the visit of Sharon and Abu Mazen to Washington at the end of the month. Castellaneta underlined Italian/EU support for the Road Map, and said that the EU would be willing to send civilian monitors/observers to the region when appropriate. A/S Jones thanked Castellaneta for this offer, but pointed out that is too early to think about deploying monitors. Baldocci highlighted the need for financial support for the region, noting PM Berlusconi's "Marshall Plan" was ready to implement when the time is right. The MEPP/Roadmap will be an important topic of conversation at the July 21 GAERC. He said Italy wanted to exploit its perception in the Middle East as a European country with a "balanced" view towards all sides. A/S Jones said that the USG looks forward to working with newly-appointed Special Envoy Otte and through the Quartet process to move the peace process forward in the coming months.

17. (C) Castellaneta noted the Italian offer to hold a Middle East conference in Sicily. A/S Jones said we need to focus on implementing the first stages of the Road Map, including confidence building measures. She stressed the importance of Berlusconi's developing a strong personal relationship with Sharon. This would be necessary for possible Israeli acceptance of EU monitors at a later stage. Baldocci and Castellaneta underlined the importance of financial support for the region and support for the G-8/Evian approach to reconstruction and of a \$5-7 billion international fund to be utilized when conditions on the ground allow. Castellaneta asked about the Department's (NEA) Middle East Partnership Initiative. A/S Jones explained its focus was on education and civil society projects in the Middle East in general, not just on the Palestinian/Israeli dispute. A/S Jones stressed enhancing Abu Mazen's support so that he can become an interlocutor for Sharon. Castellaneta noted that Berlusconi

would be speaking with Abu Mazen later that day, and that Palestinian and Israeli Foreign Ministers would be at the GAERC on July 21.

Iraq

18. (C) A/S Jones summarized Ambassador Bremer's efforts to address security issues in Iraq while simultaneously working on a political track. Castellaneta said Italy welcomes the formation of the Governing Council, and has arranged financing (USD 300 Million) to deploy 3000 troops to Iraq. He said that Italy had already sent several civilian experts to work with the Iraqi civilian administration, and would like to deploy more. A/S Jones welcomed Castellaneta's offer to send some 50 experts in all, and said she would try to facilitate their deployment with Amb. Bremer. Castellaneta said Italy was favorable to an eventual larger NATO role in Iraq. A/S Jones said the US and Italy should consult on how to use NATO most effectively.

Iran

19. (C) Castellaneta said that an Italian-Iranian economic commission had met in recent days, and DPM Fini had discussions the previous week with Iranian Min. of Industries & Mines Eshaq Jahangiri. Castellaneta expressed Italian unhappiness with the IAEA's failure to gain any further concrete information on Iran's nuclear program, and noted Italy's willingness to continue to serve as a communication channel between Iran and the US.

110. (C) A/S Jones said the EU needed to ask itself hard questions about the effectiveness of its "critical dialogue" with Iran. What has it achieved? Iranian behavior on human rights, media, its nuclear program, and terrorism is deteriorating, not improving. The issue is: how can we influence Iranian behavior to get the results we want? The IAEA will present its report to the Security Council in August; the US expects it to be very critical and generate significant discussion. Castellaneta and A/S Jones agreed on the need to continue to urge Russia to withhold further support for Iran's nuclear program. They noted that Putin has been saying more of the right things lately.

OSCE/Frozen Conflicts

111. (C) A/S Jones outlined Russian recalcitrance on fulfilling Istanbul commitments for withdrawal from Moldova and Georgia. On the edge of an enlarged Europe, Russia was acting like the old Soviet Union. The Russian MFA is the main problem, and the EU needs to let Putin know that Europe is concerned about this behavior. Castellaneta agreed, and noted that Berlusconi will have two opportunities to do this: at a planned Berlusconi-Putin meeting in Sochi at the end of July, and at the Rome EU-Russia summit in November.

Galileo

112. (C) A/S Jones agreed with Baldocchi's and Castellaneta's assertion that technical work should continue on Galileo, but said that political-level decisions will be essential to solving this issue. A/DCM (ECMIN) noted that time is limited; the issue needs to be resolved during the Italian Presidency, before the December Transport Council meeting. He said that US-Italy talks in Rome this week did not appear to have made much progress. Castellaneta agreed, and promised to personally engage on this issue.

Defense Industrial Cooperation

113. (C) Castellaneta said that Italy wanted to strengthen bilateral defense industrial cooperation with the US, but he argued that Italy is not getting the same return on its investment in the Joint Strike Fighter program as other participants. The Agusta-Westland helicopter sale is extremely important to Italy, and he underlined Italy's view that it is not getting the same access to US technology as other close Allies. A/S Jones said A/S Bloomfield is working intensively on a technology transfer policy; she would convey Italy's concerns in Washington, but was not aware of any categorization by country.

Turkey

14. (C) A/S Jones noted that Turkish FM Gul would be in Washington the following week for meetings, including with VP Cheney. The USG applauds the new laws passed in Ankara, but now the time has come to implement reforms on human rights, prison conditions and use of the Kurdish language. Baldocci promised to ask the Italian Embassy in Washington to contact the State Department with EU Presidency points on Turkish reform and Turkey's EU aspirations.

15. (U) A/S Jones has cleared this cable.

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